

Creating Your Financial Future

A Financial "Tip" Sheet

2000-10

Will Social Security Retire Before You Do?????

Traditionally, people have viewed Social Security benefits as the foundation of their retirement planning program. The Social Security contributions deducted from your paycheck have, in effect, served as a government-enforced retirement saving plan.

However, in the last 10-15 years the Social Security system has operated under increasing strain. Better health care and longer life spans have resulted in an increasing number of people drawing Social Security benefits. As the baby boomer generation, those born between 1946 and 1964, approaches retirement, even greater demands will be placed on the system.

In 1940 there were 40 active workers to support each person drawing Social Security benefits. Now, there are 3.2 workers supporting each pensioner. By the year 2030 there will be only 2 active workers to support each pensioner.

To help this overtaxed system, the government is increasing the age limits as which you can received full benefits. Through 1999 you could qualify for full benefits at age 65. This is now being increased on a gradual scale. By the year 2027 the age for qualifying for full benefits will have increased to 67.

It is important to recognize that Social Security benefits now play a very limited role when determining how much retirement income you will need. It's a fact that you need to be saving and investing for your future.

The Social Security Administration will provide you with a calculation of your benefits upon request. You can call 1-800-772-1213 and ask for Form SSA-7004 "Personal Earning and Benefit Estimate Statement."

How Much Does Your Home Really Cost You?

Most home buyers finance their home mortgage for 30 years. However, just because the loan is for 30 years does not mean we have to take the whole 30 years to pay it off. A wise homebuyer will pay off that loan much sooner.

Paying a little extra on your principal every month that save you a ton of money. Consider this.....

Loan Balance:	\$100,000.00
Loan Rate:	8.5%
Monthly Payment:	\$768.91
Add Monthly to Payment (Principal)\$	25.0

If you pay an additional \$25.00 per month on the principal, you will pay off your loan in 26 years and 3 months instead of 30 years. Because you will pay less interest by paying the loan off sooner you will reduce your total payments by \$26,265.12.

Financial Details of \$100,000.00 loan:

Principal Amount:	\$100,000.00
Payment Amount:	\$ 793.91
Interest Rate:	8.5% compounded Monthly
Total Amt. Financed:	\$100,000.00
Total Payments:	\$250,548.39
Total Finance Charge:	\$150,548.39